

## Message Text

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PAGE 01 BISSAU 00100 021629Z  
ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02  
INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15  
USIA-15 AID-05 COME-00 EB-08 FRB-01 TRSE-00 XMB-04  
OPIC-06 LAB-04 SIL-01 OMB-01 INT-05 /112 W  
-----030146 114690/63

R 021525Z MAR 77  
FM AMEMBASSY BISSAU  
TO SECSTATE WASHDC 0249  
INFO AMEMBASSY CONAKRY  
AMEMBASSY LIBREVILLE  
AMEMBASSY LISBON  
AMEMBASSY MAPUTO  
AMEMBASSY MOSCOW  
AMEMBASSY DAKAR BY POUCH

UNCLAS BISSAU 0100

E.O. 11652: N/A  
TAGS: EAID, EMIN, BENC, PU  
SUBJ: GUINEA-BISSAU - USSR BAUXITE AGREEMENT

1. GUIND-BISSAU AND USSR SIGNED BAUXITE EXPLORATION AGREEMENT ON FEBRUARY 16. AGREEMENT IS FOR TWO-YEAR STUDY FOLLOWING UP ON PREVIOUS SOVIET INVESTIGATIONS BEUXITE DEPOSITS JULY-SEPTEMBER 1975. EXPLORATION COSTS WILL BE PAID FOR BY PART OF LOAN RECENTLY NEGOTIATED WITH SOVIET UNION (PROBABLY LOAN REPORTED BISSAU 0097 9/25/76). SOVIETS CLAIM TO EXPERTISE IN BAUXITE EXPLORATION BASED ON THEIR EXPERIENCE IN GUINEA-CONAKRY HAS BEEN ACCEPTED BY GOGB BUT PRESIDENT CABRAL INDICATED IN RECENT INTERVIEW (SEPTEL) THAT NO COMMITMENT HAS BEEN MADE OR IS NOW BEING NEGOTIATED WITH ANY COMPANY OR COUNTRY FOR DEVELOPMENT OF BAUXITE. HE STRESSED GOGB WOULD MAKE PARTICULAR EFFORT, IN FACT, TO FIND WESTERN INVESTORS TO EXPLOIT BAUXITE PREFERABLY ACTING IN A CONSORTIUM.

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2. BACKGROUND: ACCORDING LOCAL SOURCES, N.V. BILLITON MAATSCHAPIJ, A DUTCH COMPANY, WAS GIVEN SEVENTY-YEAR CONCESSION TO DEVELOP BAUXITE IN BOE REGION IN 1957. BILLITON REPORTEDLY PREPARED STUDIES BUT NEVER ENGAGED IN EXPLORATION. IN EARLY SIXTIES, BILLITON TRANSFERRED ALL ITS RIGHTS TO COMPANHIA LUSITANIA DOS ALUMINIOS DE GUINE E

ANGOLO (CLAGA). GLAGA NEVER DID ANYTHING AS BOE AREA LIES CLOSE TO BORDER WITH GUINEA-CONAKRY WHERE PAIGC GUERRILLAS HAD GAINED EARLY CONTROL OF COUNTRYSIDE.

3. BAUXITE IS LOCATED IN BOE REGION AND IS PROBABLY AN EXTENSION OF SANGAREDI DEPOSITS IN GUINEA-CONAKRY. NEWS REPORTS HAVE INDICATED RESERVES OF APPROXIMATELY 150 MILLION TONS BUT BILLITON APPARENTLY ESTABLISHED THAT RESERVES WERE 120 MILLION OF WHICH 24 MILLION TONS HAD BEEN TESTED AT 47 PERCENT ALUMINUM AND 3 PERCENT SILICA. REPORT OF SOVIET RESEARCH DONE IN 1975 INDICATES UP TO 500 MILLION TONS IN RESERVE IF MEDIUM AND LOW QUALITY PORTIONS INCLUDED. SAME SOVIET REPORT (COPY BEING POUCED) CONTAINS ANALYSIS 48 SAMPLES TAKEN FROM VARIOUS PARTS OF BOE REGION WITH AVERAGE AL2 O 3 CONTENT 49.5 PERCENT WITH AVERAGE 4.5 PERCENT SIO 2 CONTENT.

4. DEPOSITS ARE LOCATED 120-150 KILOMETERS FROM NEAREST POSSIBLE DEEP WATER PORT (BUBA). GOGB HOPES TO DEVELOP BUBA AS OUTLET PERHAPS USING FLAT-BOTTOM VESSELS TO TRANSPORT ORE DOWN CORUBAL RIVER TO PINT NEAR BUBA AND TRANSHIPPING BY ROAD. THIS SCHEME CLEARLY ONLY A DREAM AT PRESENT BUT INDICATES GOGB UNWILLINGNESS TO USE NEARBY GUINEA-CONAKRY'S ALREADY DEVELOPED RAIL OUTLET FOR BAUXITE.  
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## Message Attributes

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